

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY MANILA IMMEDIATE

C O N F I D E N T I A L STATE 148914

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E.O. 11652: GDS

TAGS: ETRN, RP

SUBJECT: CIVAIR - U.S.-RP NEGOTIATIONS

REF: MANILA 8173

FOR AMBASSADOR

1. WE ARE SENDING (SEPTTEL) A RESPONSE TOEMBASSY'S REQUEST
CONTAINED IN REFERENCE, ASKING THAT YOU DISCUSS WITH MARCOS
OUR CIVAIR PROBLEMS. THOUGHT, HOWEVER, YOU SHOULDHAVE
ADDITIONAL BACKGROUND ON ISSUE AS SEENHERE, TO INDICATE
ITS DIMENSIONS AND SERIOUSNESS OF OUR CONCERNS.

2. CIVAIR RELATIONS WTIH PHILS HAVE LONGBEENMARKED BY
IRRATIONALITY AND IRASCIBILITY, PARTICULARLY SINCEPHILIP-
PINES DENOUNCED BILATERAL AGREEMENT IN 1959.PHILIPPINE
RELUCTANCE, SINCE THAT TIME, TOPERMITSERVICE EXPANSION
BASED ON ECONOMIC FACTORS HAS IN OUR VIEW DAMAGED BOTH OUR
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AIRLINES AND PHILIPPINE TOURISM, IN FAVOR OF PAL'S

COMMERCIAL INTERESTS. U.S. UNWILLINGNESS UNTIL LAST YEAR TO IMPOSE RECIPROCAL RESTRICTIONS HAS ALLOWED PAL TO REACH DAILY SERVICE BETWEEN U.S. AND PHILIPPINES AT A TIME WHEN THE TWO U.S. LINES, COMPETING IN A LIMITED MARKET, ARE NOW RESTRICTED TO LESS THAN DAILY SERVICE BETWEEN THEM.

3. AT SAME TIME, PHILIPPINE GOVERNMENT HAS, APPARENTLY DELIBERATELY, AVOIDED SERIOUS DISCUSSION OF CIVIL AIR ISSUES. THIS ABSENCE OF DIALOGUE HAS MEANT, INTER ALIA, THAT WHEN NEGOTIATIONS FINALLY GOT UNDER WAY IN JUNE THERE WAS FAR TOO MUCH GROUND TO COVER FOR TIME AVAILABLE, CONSIDERING COMPLEX INTERESTS INVOLVED ON EACH SIDE WHICH HAVE TO BE RESOLVED BEFORE ANY NEGOTIATING POSITION CAN BE ADOPTED OR MODIFIED. PHILIPPINE NEGOTIATING TACTICS, MARKED BY TENDENCY TOWARD INDIAN GIVING (AS IN PROPOSAL CITED REFTEL) HAVE DEVELOPED DEEPLY-BASED SENSE OF EXASPERATION IN CAB, WHICH APPARENTLY FINDS PHILIPPINES MORE DIFFICULT TO DEAL WITH THAN MOST OTHER COUNTRIES, IN A FIELD NOT NOTED FOR AMITY AND EASE OF RELATIONS.

4. SERIOUSNESS OF THESE PROBLEMS HAS BEEN AGGRAVATED BY FINANCIAL PRESSURES NOW BESETTING SOME U.S. AIRLINES, PARTICULARLY PAN AMERICAN (AT A TIME WHEN PAL IS PROCLAIMING UNPRECEDENTED PROFIT MARGINS). REGARDLESS OF CAUSES OF PANAM'S DIFFICULTIES, THEY HAVE MEANT U.S. PERFORM LESS ABLE THAN PREVIOUSLY TO ACCOMMODATE FOREIGN DESIRES OR FOIBLES, AND MORE INCLINED TO PRESS FOR U.S. ADVANTAGE. ACCORDINGLY, DEVELOPMENT OF NEW POSITIONS IN NEGOTIATIONS MORE DIFFICULT THAN FORMERLY AND SOME DELAYS HAVE RESULTED WHEN CAB SOUGHT TO STIFFEN TERMS PREVIOUSLY OFFERED. (E.G. STAGING PAL ACCESS TO GUAM, AS NOTED STATE 145021.)

5. CAB HAS ACKNOWLEDGED, AS INDICATED SEPTTEL, THERE IS DANGER OF PHILIPPINE SANCTIONS, AGAINST U.S. CARRIERS, AND HAS REPORTEDLY DECIDED IT WILL RECOMMEND FULL RETALIATION AGAINST PAL IN THAT EVENT. CAB OFFICIAL, WE NOW INFORMED, HAS RECOMMENDED TO PAL ATTORNEY HERE THAT DC-10 FILING BE WITHDRAWN AND WHEN LATTER SEEMED TO IMPLY POSSIBILITY OF SANCTIONS, OFFICIAL SAID BOARD FULLY PREPARED TO SEEK RETALIATION.

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6. WE RECOGNIZE THAT PRESIDENTIAL CONCURRENCE REQUIRED BEFORE U.S. COULD ADOPT FURTHER RESTRICTIONS UNDER PART 213, AND THAT DEPARTMENT WOULD THUS HAVE OPPORTUNITY TO ATTEMPT TO FORESTALL SUCH MEASURES. A DECISION IN THIS REGARD, HOWEVER, WOULD BE AFFECTED STRONGLY BY NEGOTIATING RECORD. FOR PRESENT, THEREFORE, WE WOULD ATTACH GREATEST PRIORITY TO CONVINCING GOP THAT OUR CIVIL AIR CONCERNS ARE

SERIOUS, BUT CAN AND SHOULD BE NEGOTIATED, ASINECONOMIC
NEGOTIATIONS, WITHOUT PRESSURE OF ARTIFICIAL DEADLINES, AND
THAT UNTIL AGREEMENT REACHED STATUS QUO SHOULD REMAIN IN
EFFECT. KISSINGER

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